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C O N F I D E N T I A L SECTION 01 OF 03 SINGAPORE 003352

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SUBJECT: ADMIRAL FALLON DISCUSSES BILATERAL SECURITY  
RELATIONS AND REGIONAL ISSUES WITH SINGAPORE PM LEE AND  
SENIOR MINISTER GOH

Classified By: Charge d'Affaires Judith R. Fergin for reasons 1.4(b)/(d)  
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1. (C) SUMMARY: Admiral Fallon, accompanied by Charge Fergin, met separately on November 14 with Prime Minister Lee Hsien Loong and Senior Minister Goh Chok Tong to discuss bilateral security cooperation and regional issues, most prominently, China. In open and relaxed discussions, both leaders expressed their strong commitment to assisting the United States to maintain a stabilizing military presence in the Asia-Pacific region by providing access to their military facilities. They strongly encouraged the United States to pursue a policy of broad engagement)-including military to military-)with the PRC, and saw the recent lessening of tension across the Taiwan strait as providing a window of opportunity. PM Lee identified extremist Islam and terrorism as the most immediate and dangerous threats to Southeast Asia; praised Indonesian President Yudhoyono,s efforts and encouraged the United States to fully restore military ties with that country; and worried about the increasing separatist violence in southern Thailand. Admiral Fallon thanked the two leaders for Singapore,s sustained support for U.S. forces and participation in OIF and OEF. END SUMMARY.

2. (SBU) Admiral Fallon began his conversations by explaining the principal objectives of his visit: to see for himself the facilities Singapore has made available to the United States, reinforce multilateral efforts to better secure the Malacca Strait, and discuss regional issues, principally the implications of the rise of China and the threat of terrorism.

3. (C) Senior Minister Goh immediately turned the discussion to China, pointing out that in the months since Admiral Fallon took command, tensions in PRC-Taiwan relations had clearly receded. This change created new opportunities, SM Goh suggested, and asked Admiral Fallon for his impressions of the implications for U.S. China policy. The Admiral described U.S. relations with China as broad and complex)-with the exception of military relations. At the direction of the Secretary of Defense, the Admiral said he was working to develop ideas for step-by-step increases in military exchanges and contacts. A key determinant in this process would be China,s response, in particular its willingness to be more transparent regarding its military capabilities and intentions.

4. (C) SM Goh pointed out that to some extent China,s reticence in opening up its facilities to U.S. visitors might be because they are &embarrassed8 by their lack of capability relative to the United States. The PLA, he said, has manpower but lags in technology. Whatever the reason, he continued, building confidence will take time, and U.S. strategy should take this into account. Singapore, he added, currently has no military relations with the PRC but recognizes that it should begin to build its own links to the PLA. Minister of Defence Teo would begin this process in the next several days when he undertook the first official visit by a Singapore Defence Minister to the PRC. Admiral Fallon replied that the United States remained deeply concerned by the rapid increase in the PRC,s military spending, a significant portion of which was not publicly acknowledged. The PRC does have a long way to go in building up its military capabilities, but it is closing the gap. Their fear of U.S. &encirclement8-)although unfounded-)also drives them to secrecy.

5. (C) China,s rise, SM Goh said, is &everyone,s concern8 and the countries of the region are adjusting. The purpose of China,s military modernization, he agreed, remains unresolved. China,s immediate concern, clearly, is to block or deter Taiwan from formal independence. China understands that the United States opposes Taiwan,s independence. However, the Chinese also recognize that if they attack Taiwan, the United States will assist in Taiwan,s defense. &So, they feel they need weapons to deter the United States from coming to Taiwan,s aid too quickly.8

6. (C) Changing the mindset of the younger generation Chinese, he concluded, would be key to China,s future direction. The control previously exerted by the communist regime, he said, is now a thing of the past as a consequence

of the pervasive social and cultural influence of not only the West but also of Japan and Korea. The thousands of young Chinese who have and will study overseas are also increasingly influential. President Hu Jintao, SM Goh observed, is keenly aware of these drivers in Chinese society. His priority is &peace, so China can grow.<sup>8</sup> The United States, he urged, should continue to reinforce the positive trends in China by &engaging more than by containing.<sup>8</sup> Commenting further on PRC-Japan relations, SM Goh suggested the United States try to encourage Japan to improve its political relations with Chinese leadership. U.S. relations with Japan are &the backbone<sup>8</sup> of security in Asia, and the United States needs to have Japan with it in pursuing its strategic goals with China.

17. (C) PM Lee was equally interested in U.S.-China relations, and probed the Admiral for his insights on the PLA leadership. The Admiral told the PM that he had found the senior leadership &scripted<sup>8</sup> in their conversations but that younger officers were more interested in engaging in dialogue. As the United States pursues increased exchanges with the PLA, the intended focus will be on the new generation of officers. PM Lee observed that if the PRC was genuinely interested in &rising peacefully,<sup>8</sup> it should show less reluctance to engage and to take advantage of opportunities to &make its case.<sup>8</sup> One reason the PLA senior officers are hard to engage, he continued, is that few are truly secure in their positions, and are worried that any departure from the party line will be criticized by their superiors. Commenting on the important stabilizing role the United States plays in the region, PM Lee noted that even the PRC &silently acknowledges<sup>8</sup> the benefit of the U.S. presence and that this recognition should improve prospects for greater engagement.

18. (C) Turning to the threat of terrorism in Southeast Asia, PM Lee offered the view that Indonesian President Yudhoyono was bringing stability and leadership to his country and was slowly making gains against extremists and terrorists. He pointed to the recent Indonesian success in finding and killing the JI bomb maker, Azahari, as an indication of improved Indonesian CT capabilities. However, the terrorist infrastructure in Indonesia and the southern Philippines remained largely intact. Admiral Fallon described U.S. and PACOM efforts to support cooperative efforts among Indonesia, Malaysia and the Philippines to disrupt terrorist &rat lines<sup>8</sup> at sea as well as PACOM's work with the Philippine armed forces (PAF) to build their capacity. U.S. advisers, although not in the field with combat units, are assisting the PAF to improve their intelligence fusion and operational planning. PM Lee observed that although the MILF insurgency is primarily a Philippine internal problem, as long as the MILF continues to harbor JI terrorists, &it is everyone's problem.<sup>8</sup> The Admiral suggested that President Arroyo's government was beginning to make some progress--with substantial U.S. assistance--in addressing the underlying conditions that have fueled the separatist movements, principally the lack of basic services and economic opportunities. PM Lee agreed Arroyo was moving in the right direction but again stressed the danger posed by the Philippine government's inability to deny terrorists safe-havens and training bases in the south.

19. (C) Regarding security in the Malacca Strait, PM Lee said he was pleased that Malaysia had shifted its position and now agreed in principle to cooperate with Singapore and Indonesia in securing the Strait and to accept assistance from the &user countries<sup>8</sup> to develop this capacity. Indonesia, however, was still lagging in its political commitment and was far behind in actual capacity. The Indonesians, PM Lee continued, have other priorities and are &not yet convinced<sup>8</sup> that the Malacca strait is &their problem.<sup>8</sup> He went on to urge the United States to continue to support President Yudhoyono and asked where the U.S. administration stood in terms of restoring normal military and defense ties. The Admiral replied that the United States saw Indonesia as strategically important for many reasons and was considering how best to deal with continued Congressional restrictions.

110. (C) SM Goh also gave a positive assessment of President Yudhoyono's direction and accomplishments. However, he stressed the lack of political will to engage in a long-term strategy to undermine the influence of extremist Islamic &preachers.<sup>8</sup> The conviction of Abu Bakar Bashir, the JI Emir, is not enough, he argued. JI continues to recruit students from the Islamic schools for further indoctrination and, for some, training in terrorist tactics. Dealing with this danger will be a &tough test<sup>8</sup> for President Yudhoyono. In the meantime, he hoped the United States and Australia would continue to provide the resources and training Indonesia needed to strengthen its intelligence and police capabilities. SM Goh also commented on the situation in southern Thailand, worrying that outside extremist influences would take advantage of the turmoil to establish a presence, and criticizing PM Thaksin for his inability to implement an effective strategy.

11. (U) Admiral Fallon has cleared this message.  
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